General Assembly **Substitute Bill No. 6525**

January Session, 2011 *____HB06525CE___032211___*

AN ACT CONCERNING THE CONTINUANCE OF THE MAJORITY LEADERS' JOB GROWTH ROUNDTABLE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 10a-19i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in subsections (a) to **[**(f)**]** (e), inclusive, of this section:

(1) "Green technology" means technology that (A) promotes clean energy, renewable energy or energy efficiency, (B) reduces greenhouse gases or carbon emissions, or (C) involves the invention, design and application of chemical products and processes to eliminate the use and generation of hazardous substances;

[(2) "Job relating to green technology" means a job in which green technology is employed and may include the occupation codes identified as green jobs by the United States Bureau of Labor Statistics and those codes identified by the Labor Department and the Department of Economic and Community Development for such purposes;**]**

[(3)**]** (2) "Life science" means the study of genes, cells, tissues and chemical and physical structures of living organisms and biomedical engineering and the manufacture of medical devices; and

[(4)**]** (3) "Health information technology" means the creation, execution or implementation of electronic data systems that record or transmit medical or health information.

(b) There is established a Connecticut green technology, life science and health information technology loan **[**forgiveness**]** reimbursement program to be administered by the Department of Higher Education.

(c) A Connecticut resident who graduated on or after May 1, 2010, from an institution of higher education in this state with a bachelor degree in a field relating to green technology, life science or health information technology and who has been employed in this state for at least two years after graduation **[**in**]** by a **[**job relating to**]** business in the field of green technology, life science or health information technology and whose **[**expected family contribution, as determined by the federal Free Application for Federal Student Aid for the most recent full academic year does not exceed thirty-five**]** federal adjusted gross income for the year prior to the initial reimbursement year does not exceed one hundred fifty thousand dollars shall be eligible for reimbursement of federal or state educational loans up to a maximum of two thousand five hundred dollars per year or five per cent of the amount of such loans per year, whichever is less, for up to four years.

(d) A Connecticut resident who graduated on or after May 1, 2010, from an institution of higher education in this state with an associate degree relating to green technology, life science or health information technology and who has been employed in this state for at least two years after graduation **[**in**]** by a **[**job relating to**]** business in the field of green technology, life science or health information technology and whose **[**expected family contribution, as determined by the federal Free Application for Federal Student Aid for the most recent full academic year does not exceed thirty-five**]** federal adjusted gross income for the year prior to the initial reimbursement year does not exceed one hundred fifty thousand dollars shall be eligible for reimbursement of federal or state educational loans up to a maximum of two thousand five hundred dollars per year or five per cent of the

amount of such loans per year, whichever is less, for up to two years.

[(e) A Connecticut resident who receives a certificate relating to green technology, life science or health information technology from an institution of higher education in this state shall be eligible for a grant equal to the cost of the training certificate not to exceed a maximum of two hundred fifty dollars, provided such resident (1) is unemployed, has received notice of termination of employment or is employed with a gross annual family income that does not exceed forty thousand dollars, (2) is eighteen years of age or older, (3) graduated from high school before July 1, 2008, and (4) has not been enrolled as a full-time student at an institution of higher education before July 1, 2010.**]**

[(f)**]** (e) Notwithstanding the provisions of subsections (c) and (d) of this section, the total combined dollar value of loan reimbursements available under this and any other provision of the general statutes shall not exceed five thousand dollars per recipient of an associate degree and ten thousand dollars per recipient of a bachelor degree.

[(g)**]** (f) The Board of Governors of Higher Education may adopt regulations, in accordance with the provisions of chapter 54, to carry out the provisions of subsections (a) to **[**(f)**]** (e), inclusive, of this section.

Sec. 2. Section 32-41x of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There is established an account to be known as the "preseed financing account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by Connecticut Innovations, Incorporated, for the purposes of providing preseed financing pursuant to the program established in subsection (b) of this section.

(b) Connecticut Innovations, Incorporated, shall establish a program

to provide preseed financing for Connecticut businesses, which shall include, but not be limited to, financial assistance for the development of proof of concepts and support services. Financial assistance shall not exceed one hundred fifty thousand dollars per eligible business. An eligible business shall (1) be principally located in Connecticut, (2) have not less than seventy-five per cent of its employees working in Connecticut, and (3) demonstrate private investment dollars of not less than fifty cents for every dollar of financial assistance sought from the program established pursuant to this section. For the purposes of this subsection, "private investment dollars" shall include funds from a public institution of higher education, except those funds derived from state appropriations or student tuition and fees, that are used to assist in the commercialization of technology owned by a public university.

(c) The corporation may enter into an agreement, pursuant to chapter 55a, with a nonprofit corporation providing services and resources to entrepreneurs and businesses to operate such program.

Sec. 3. Section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Facility" means an insurance business facility;

(2) "Insurance business" means a business with a North American Industry Classification System code of 524113 to 524298, inclusive, that is engaged in the business of insuring risks or of providing services necessary to the business of insuring risks;

(3) "New job" means a job that did not exist in the business of a subject insurance business in this state prior to the subject insurance business's application to the commissioner for an eligibility certificate under this section for a new facility and that is filled by a new employee, but does not include a job created when an employee is shifted from an existing location of the subject insurance business in this state to a new facility;

(4) "New employee" means a person who resides in Connecticut and is hired by a subject insurance business to fill a position for a new job or a person shifted from an existing location of the subject insurance business outside this state to a new facility in this state, provided (A) in no case shall the total number of new employees allowed for purposes of this credit exceed the total increase in the taxpayer's employment in this state, which increase shall be the difference between (i) the number of employees employed by the subject insurance business in this state at the time of application for an eligibility certificate to the commissioner plus the number of new employees who would be eligible for inclusion under the credit allowed under this section without regard to this calculation, and (ii) the highest number of employees employed by the subject insurance business in this state in the year preceding the subject insurance business's application for an eligibility certificate to the commissioner, and (B) a person shall be deemed to be a "new employee" only if such person's duties in connection with the operation of the facility are on a regular, full-time, or equivalent thereof, and permanent basis;

(5) "New facility" means a facility which (A) is acquired by, leased to, or constructed by, a subject insurance business on or after the date of the subject insurance business's application to the commissioner for an eligibility certificate under this section, unless, upon application of the subject insurance business and upon good and sufficient cause shown, the commissioner waives the requirement that such activity take place after the application, and (B) was not in service or use during the one-year period immediately prior to the date of the subject insurance business's application to said commissioner for an eligibility certificate under this section, unless upon application of the subject insurance business and upon good and sufficient cause shown, the commissioner consents to waiving the one-year period;

(6) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the taxpayer or subject insurance business, as the case may be, (B) an individual, corporation, limited liability company, partnership, association or trust

that is in control of the taxpayer or subject insurance business, as the case may be, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer or subject insurance business, as the case may be, or (D) a member of the same controlled group as the taxpayer or subject insurance business, as the case may be. For purposes of this section, "control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of Section 267(c) of said internal revenue code;

(7) "Moneys of the taxpayer" means all amounts invested in a fund, directly or indirectly, on behalf of a taxpayer, including but not limited to (A) direct investments made by the taxpayer, and (B) loans made to the fund for the benefit of the taxpayer which loans are guaranteed by the taxpayer, provided no amounts represented by any such loan shall be used for the purpose of obtaining any tax credit by any person making such loan against any tax levied by this state;

(8) "Income year" means (A) with respect to corporations subject to taxation under chapter 208, the income year as determined under said chapter, (B) with respect to insurance companies, hospital and medical services corporations subject to taxation under chapter 207, the income year as determined under said chapter, and (C) with respect to taxpayers subject to taxation under chapter 229, the taxable year determined under chapter 229;

(9) "Taxpayer" means any person as defined in section 12-1, whether or not subject to any taxes levied by this state; and

(10) "Commissioner" means the Commissioner of Economic and Community Development.

(b) (1) On or before July 1, 2000, the commissioner shall register managers of funds created for the purpose of investing in insurance businesses. Any manager registered under this subsection shall have its primary place of business in this state. Each applicant shall submit an application under oath to the commissioner to be registered and shall furnish evidence satisfactory to the commissioner of its financial responsibility, integrity, and professional competence to manage investments. Failure to maintain adequate fiduciary standards shall constitute cause for the commissioner to revoke, after hearing, any registration granted under this section. The fund manager shall make a report on or before the first day of March in each year, under oath, to the Commissioner of Revenue Services specifying the name, address and Social Security number or employer identification number of each investor, the year during which each investment was made by each investor, the amount of each investment and a description of the fund's investment objectives and relative performance.

(2) There shall be allowed as a credit against the tax imposed under chapter 207, 208 or 229 or section 38a-743 an amount equal to the following percentage of the moneys of the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: (A) With respect to the income year in which the investment in the subject insurance business was made and the two next succeeding income years, zero per cent; (B) with respect to the third full income year succeeding the year in which the investment in the subject insurance business was made and the three next succeeding income years, ten per cent; (C) with respect to the seventh full income year succeeding the year in which the investment in the subject insurance business was made and the two next succeeding income years, twenty per cent. The sum of all tax credit

granted pursuant to the provisions of this subsection shall not exceed fifteen million dollars with respect to investments made by a fund or funds in any single insurance business, and with respect to all investments made by a fund shall not exceed the total amount originally invested in such fund. Any fund manager may apply to the Commissioner of Economic and Community Development for a credit that exceeds the limitations established by this subdivision. The commissioner shall evaluate the benefits of such application and make recommendations to the General Assembly if he determines that the proposal would be of economic benefit to the state.

(3) The credit allowed by this subsection may be claimed only by a taxpayer who has invested in an insurance business through a fund (A) which has a total asset value of not less than thirty million dollars for the income year for which the initial credit is taken; (B) has not less than three investors who are not related persons with respect to each other or to any insurance business in which any investment is made other than through the fund at the date the investment is made; and (C) which invests only in insurance businesses that are not related persons with respect to each other.

(4) The credit allowed by this section may be claimed only with respect to a subject insurance business which (A) occupies the new facility for which an eligibility certificate has been issued by the commissioner and with respect to which the certification required under subdivision (6) of this subsection has been issued as its home office, and (B) employs not less than twenty-five per cent of its total work force in new jobs.

(5) The credit allowed by this subsection may be claimed only with respect to an income year for which a certification of continued eligibility required under subdivision (6) of this subsection has been issued. If, with respect to any year for which a tax credit is claimed, any subject insurance business ceases at any time to employ at least twenty-five per cent of its total work force in new jobs, then, except as provided in subdivision (6) of this subsection, the entitlement to the

credit allowed by this subsection shall not be allowed for the taxable year in which such employment ceases, and there shall not be a pro rata application of the credit to such taxable year; provided, if the reason for such cessation is the dissolution, liquidation or reorganization of such insurance business in a bankruptcy or delinquency proceeding, as defined in section 38a-905, the credit shall be allowed.

(6) The commissioner, upon application, shall issue an eligibility certificate for an insurance business occupying a new facility in this state and employing new employees, after it has been established, to his satisfaction, that subject insurance business has complied with the provisions of this subsection. If the commissioner determines that such requirements have been met as a result of transactions with a related person for other than bona fide business purposes, he shall deny such application. The commissioner shall require the subject insurance business to submit annually such information as may be necessary to determine whether the appropriate occupancy and employment requirements have been met at all times during an income year. If the commissioner determines that such requirements have been so met, he shall issue a certification of continued eligibility to that effect to the subject insurance business on or before the first day of the third month following the close of the subject insurance business's income year.

(7) The commissioner shall, upon request, provide a copy of the eligibility certificate and the certification required under subdivision (6) of this subsection to the Commissioner of Revenue Services.

(8) (A) If (i) the number of new employees on account of which a taxpayer claimed the credit allowed by this subsection decreases to less than twenty-five per cent of its total work force for more than sixty days during any of the taxable years for which a credit is claimed, (ii) those employees are not replaced by other employees who have not been shifted from an existing location of the subject insurance business in this state, and (iii) the subject insurance business has relocated operations conducted in the new facility to a location outside this state,

the taxpayer shall be required to recapture a percentage, as determined under the provisions of subparagraph (B) of this subdivision, of the credit allowed under this subsection on its tax return and no subsequent credit shall be allowed. If the credit claimed by the taxpayer under this subsection is attributable to investments made in more than one insurance business, the credit recaptured and disallowed under this subdivision shall be that portion of the credit attributable to the investment in the insurance business as described in subparagraphs (A)(i) to (A)(iii), inclusive, of this subdivision.

(B) If the taxpayer is required under the provisions of subparagraph (A) of this subdivision to recapture a portion of the credit during (i) the first year such credit was claimed, then ninety per cent of the credit allowed shall be recaptured on the tax return required to be filed for such year, (ii) the second of such years, then sixty-five per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (iii) the third of such years, then fifty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (iv) the fourth of such years, then thirty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (v) the fifth of such years, then twenty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, and (vi) the sixth or subsequent of such years, then ten per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year. Any credit recaptured pursuant to this subdivision shall not be in excess of the credit that would be allowed for the applicable investment. The Commissioner of Revenue Services may recapture such credits from the taxpayer who has claimed such credits. If the commissioner is unable to recapture all or part of such credits from such taxpayer, the commissioner may seek to recapture such credits from any taxpayer who has assigned such credits to another taxpayer. If the commissioner is unable to recapture all or part of such credits from

any such taxpayer, the commissioner may recapture such credits from the fund.

(C) The recapture provisions of this subdivision shall not apply and tax credits may continue to be claimed under this subsection if, for the entire period that the credit is applicable, such decrease in the percentage of total work force employed in this state does not result in an actual decrease in the number of persons employed by the subject insurance business in this state on a regular, full-time, or equivalent thereof, and permanent basis as compared to the number of new employees on account of which the taxpayer claimed the credit allowed by this subsection.

(c) (1) As used in this subsection:

(A) "Allocation date" means the date an insurance reinvestment fund receives an investment of eligible capital equaling the amount of credits against the tax imposed under chapter 207 and section 38a-743 allocated to taxpayers who invest in such insurance reinvestment fund;

(B) "Eligible business" means a business that has its principal business operations in Connecticut, has fewer than two hundred fifty employees at the time of investment and not more than ten million dollars in net income in the previous year;

(C) "Eligible capital" means an investment of cash by a taxpayer in an insurance reinvestment fund that fully funds the purchase price of an equity interest in the insurance reinvestment fund or an eligible debt instrument issued by an insurance reinvestment fund, at par value or a premium, that (i) has an original maturity date of at least five years after the date of issuance, (ii) has a repayment schedule that is not faster than a level principal amortization over five years, and (iii) has no interest, distribution or payment features tied to the insurance reinvestment fund's profitability or the success of the investments;

(D) "Green technology business" means an eligible business with not less than twenty-five per cent of its employment positions being

positions in which green technology is employed or developed and may include the occupation codes identified as green jobs by the Department of Economic and Community Development and the Labor Department for such purposes;

(E) "Income year" means the income year as determined in chapter 207 for the taxpayer;

(F) "Insurance reinvestment fund" means a Connecticut partnership, corporation, trust or limited liability company, whether organized on a profit or not-for-profit basis, that (i) is managed by at least two principals or persons that have at least four years of experience each in managing venture capital or private equity funds, with at least fifty million dollars of such funds from people unaffiliated with the manager, (ii) has received an equity investment of capital other than eligible capital equal to no less than five per cent of the total amount of the eligible capital to be invested in such insurance reinvestment fund, and (iii) is not, or will not be after the receipt of eligible capital, controlled by or under common control with, one or more insurance companies. An investment of eligible capital shall not result in insurance company control unless such investment exceeds forty million dollars per taxpayer and results in insurance companies having the right to vote more than fifty per cent of the equity interests of the insurance reinvestment fund cash invested in such insurance reinvestment fund, provided this provision shall not prohibit the interim control of an insurance reinvestment fund by one or more insurance companies upon a breach of any payment obligation of the insurance reinvestment fund or contractual or other agreement by the insurance reinvestment fund that is designed to ensure compliance with this section; and

(G) "Principal business operations" means at least eighty per cent of the business organization's employees reside in the state or eighty per cent of the business payroll is paid to individuals living in this state.

(2) A taxpayer that makes an investment of eligible capital shall, in

the year of investment, earn a vested credit against the premium tax imposed pursuant to chapter 207 and section 38a-743. Such credit shall be available as follows: (A) Commencing with the tax return due for the first to third, inclusive, tax years, zero per cent; (B) commencing with the tax return due for the fourth to seventh, inclusive, tax years, not more than ten per cent; and (C) commencing with the tax return due for the eighth to tenth, inclusive, tax years, not more than twenty per cent. The maximum amount of eligible capital for which credits may be allowed under this subsection shall not result in more than forty million dollars of tax credits being used in any one year exclusive of any carried forward credits and no fund shall apply for more than the total amount of credits available under this section.

(3) On or before July 1, 2010, the Commissioner of Economic and Community Development shall begin to accept applications for certification as an insurance reinvestment fund and for allocations of tax credits under this subsection. Applications shall include: (A) The amount of eligible capital the applicant will raise; (B) a nonrefundable application fee of seven thousand five hundred dollars; (C) evidence of satisfaction of the requirements of the definition of "insurance reinvestment fund" pursuant subparagraph (F) of subdivision (1) of this subsection; (D) an affidavit by each taxpayer committing an investment of eligible capital; (E) a business plan detailing (i) the approximate percentage of eligible capital the applicant will invest in eligible businesses by the third, fifth, seventh and ninth anniversaries of its allocation date, (ii) the industry segments listed by the North American Industrial Classification System code and percentage of eligible capital in which the applicant will invest, (iii) the number of jobs that will be created or retained as a result of the applicants investments once all eligible capital has been invested, (iv) the percentage of eligible capital to be invested in eligible businesses primarily engaged in conducting research and development or manufacturing, processing or assembling technology–based products; and (v) a revenue impact assessment demonstrating that the applicant's business plan has a revenue neutral or positive impact on

the state; (F) a commitment to invest at least twenty-five per cent of its eligible capital in green technology businesses; and (G) a commitment to invest by the third anniversary of its allocation date, three per cent of its eligible capital in preseed investments and three per cent of its eligible capital in seed-stage investments in consultation with Connecticut Innovations, Incorporated, pursuant to the corporation's **[**program**]** programs for preseed financing established pursuant to section 32-41x, as amended by this act, and seed-stage financing established pursuant to section 32-41v. The commissioner may require the applicant to obtain a revenue impact assessment conducted by an independent third party.

(4) Applications for tax credits pursuant to this subsection shall be accepted and approved on a first-come, first-served basis with all applications received on the same date deemed to be received simultaneously and approvals being made on a pro rata basis if such applications exceed the amount of remaining credits.

(5) The commissioner shall issue an allocation of credits subject to confirmation on a form prescribed by the commissioner by the fund that an investment of eligible capital was received within five business days. If an insurance reinvestment fund does not receive an investment of eligible capital equaling the amount of credits against the tax imposed under chapter 207 and section 38a-743 allocated to a taxpayer, for which it filed an affidavit with its application prior to the fifth business day after receipt of certification, the insurance reinvestment fund shall notify the commissioner by overnight common carrier delivery service and that portion of eligible capital allocated to the insurance company shall be forfeited. Such insurance reinvestment fund and forfeiting taxpayer shall each be assessed a twenty-five-thousand-dollar administrative penalty. The commissioner shall reallocate the forfeited eligible capital among all other remaining taxpayers that invested eligible capital.

(6) To continue to be certified, an insurance reinvestment fund shall (A) be in compliance with the investment parameters set forth in its

business plan, provided an insurance reinvestment fund may apply to the commissioner to amend its business plan based on unavoidable or reasonably unanticipated changes to various conditions, including, but not limited to, the general economic climate of the state or particular sectors of the economy, technological advances and high employment and revenue growth opportunities, with approval for such changes not to be unreasonably withheld by the commissioner; (B) be in compliance with the revenue impact assessment provided in the application demonstrating that the fund's business plan continues to have a revenue neutral or positive impact on the state; (C) have invested sixty per cent of its eligible capital in eligible businesses by the fourth anniversary of its allocation date; and (D) have invested one hundred per cent of its eligible capital in eligible businesses by the tenth anniversary of its allocation date, with a minimum of twenty-five per cent of eligible capital invested in green technology businesses. An insurance reinvestment fund shall only invest eligible capital in eligible businesses, bank deposits, certificates of deposit or other fixed income securities and may not invest more than fifteen per cent of its eligible capital in any one eligible business without prior approval of the commissioner.

(7) Not later than January thirty-first annually, each insurance reinvestment fund shall report to the commissioner: (A) The amount of eligible capital remaining at the end of the preceding year; (B) each investment in an eligible business during the preceding year and, with respect to each eligible business, its location and North American Industrial Classification System code; (C) the percentage of eligible capital invested in green technology businesses; and (D) distributions made by the insurance reinvestment fund in the preceding year. In the annual report due in the third, fifth, seventh and ninth years after its allocation date, each insurance reinvestment fund shall also report to the commissioner its compliance with the investment parameters set forth in its business plan and the revenue impact assessment provided in the application demonstrating that the fund's business plan continues to have a revenue neutral or positive impact on the state.

Each insurance reinvestment fund shall provide to the commissioner annual audited financial statements.

(8) To make a distribution or payment, an insurance reinvestment fund must have invested one hundred per cent of its eligible capital in eligible businesses, with a minimum of twenty-five per cent of eligible capital invested in green technology businesses, with principal business operations in this state at the time of such determination, except: (A) Distributions related to the payment of any projected increase in federal or state taxes, including penalties and interest related to state and federal income taxes, of the equity owners of the insurance reinvestment fund resulting from the earnings or other tax liability of the insurance reinvestment fund to the extent that the increase is related to the ownership, management or operation of the insurance reinvestment fund; (B) payments of interest and principal on the debt of the insurance reinvestment fund, provided after such payment, the insurance reinvestment fund still has cash and other marketable securities in an amount that, when added to the cumulative investments it has made in eligible recipients, equals not less than sixty per cent of the eligible capital invested in such reinvestment fund; or (C) payments related to the reasonable costs and expenses of forming, syndicating, managing and operating the fund, provided the distribution or payment is not made directly or indirectly to an insurance company that has invested eligible capital in the insurance reinvestment fund, including: (i) Reasonable and necessary fees paid for professional services, including legal and accounting services, related to the formation and operation of the insurance reinvestment fund; and (ii) an annual management fee in an amount that does not exceed two and one-half per cent of the eligible capital of the insurance reinvestment fund. The state shall receive a share of any distribution, except as set forth in subparagraphs (A), (B) and (C) of this subsection and distributions made to return any equity capital invested in the insurance reinvestment fund that is not eligible capital, in the following percentages: (I) Ten per cent when less than eighty per cent but more than sixty per cent of the jobs set forth in the insurance

reinvestment fund's business plan are created or retained, and (II) twenty per cent when sixty per cent or less of the jobs set forth in the insurance reinvestment fund's business plan are created or retained.

(9) The commissioner shall review each annual report to ensure compliance with subdivisions (6), (7) and (8) of this subsection. A material variation of subdivision (6), (7) or (8) of this subsection is grounds for decertification of the insurance reinvestment fund. If the commissioner determines that an insurance reinvestment fund is not in compliance with subdivision (6), (7) or (8) of this subsection or the investment parameters of its business plan, the commissioner shall notify the officers of the insurance reinvestment fund, in writing, that the insurance reinvestment fund may be subject to decertification after the one hundred twentieth day after the date of mailing the notice, unless the deficiencies are waived by the commissioner or are corrected and the insurance reinvestment fund returns to compliance with subdivisions (6), (7) and (8) of this subsection.

(10) Decertification of an insurance reinvestment fund shall cause the forfeiture of future credits against the tax imposed by chapter 207 and section 38a-743 to be claimed with respect to an insurance reinvestment fund when (A) such decertification occurs on or before the fourth anniversary of the fund's allocation date, and (B) such fund has invested less than sixty per cent of its eligible capital in eligible businesses by said anniversary. The commissioner shall send written notice to the last-known address of each taxpayer whose credit against the tax imposed by chapter 207 is subject to recapture or forfeiture.

(d) The tax credit allowed by this section shall only be available for investments (1) in funds that are not open to additional investments or investors beyond the amount subscribed at the formation of the fund, or (2) under subsection (c) of this section, in insurance reinvestment funds that are not open to additional investments or investors after submission of the insurance reinvestments fund's application to the commissioner pursuant to subsection (c) of this section. On and after June 30, 2010, no eligibility certificate shall be provided under

subdivision (6) of subsection (b) of this section for investments made in an insurance business. On or after July 1, 2011, no credit shall be allowed under subdivision (2) or (6) of subsection (b) of this section for an investment of less than one million dollars for which the commissioner has issued an eligibility certificate. A fund manager who has received an eligibility certificate but is not yet eligible to receive a certificate of continued eligibility shall provide documentation satisfactory to the commissioner not later than June 30, 2011, of its investment of one million dollars or more. Such documentation shall include, but is not limited to, cancelled checks, wire transfers, investment agreements or other documentation as the commissioner may request. On and after July 1, 2011, the commissioner shall revoke the certificate of eligibility for any insurance business for which its fund manager failed to provide sufficient documentation of said investment of not less than one million dollars. Any credit allowed under subsection (b) or subsection (g) of this section that has not been claimed prior to January 1, 2010, may be carried forward pursuant to subsection (i) of this section.

(e) The maximum amount of credit allowed under subsection (c) of this section shall be two hundred million dollars in aggregate and forty million dollars per year.

(f) (1) The Commissioner of Revenue Services may treat one or more corporations that are properly included in a combined corporation business tax return under section 12-223 as one taxpayer in determining whether the appropriate requirements under this section are met. Where corporations are treated as one taxpayer for purposes of this subsection, then the credit shall be allowed only against the amount of the combined tax for all corporations properly included in a combined return that, under the provisions of subdivision (2) of this subsection, is attributable to the corporations treated as one taxpayer. (2) The amount of the combined tax for all corporations properly included in a combined corporation business tax return that is attributable to the corporations that are treated as one taxpayer under the provisions of this subsection shall be in the same ratio to such

combined tax that the net income apportioned to this state of each corporation treated as one taxpayer bears to the net income apportioned to this state, in the aggregate, of all corporations included in such combined return. Solely for the purpose of computing such ratio, any net loss apportioned to this state by a corporation treated as one taxpayer or by a corporation included in such combined return shall be disregarded.

(g) Any taxpayer allowed a credit under subsection (b) of this section may assign such credit to another person, provided such person may claim such credit only with respect to a calendar year for which the assigning taxpayer would have been eligible to claim such credit. The fund manager shall include in the report filed with the Commissioner of Revenue Services in accordance with subdivision (1) of subsection (b) of this section information requested by the commissioner regarding such assignments including the current holders of credits as of the end of the preceding calendar year. Any taxpayer allowed a credit under subsection (c) of this section may transfer such credit to an affiliate of such taxpayer.

(h) No taxpayer shall be eligible for a credit under this section and either section 12-217e or section 12-217m for the same investment. No two taxpayers shall be eligible for any tax credit with respect to the same investment, employee or facility.

(i) Any tax credit not used in the income year for which it was allowed may be carried forward for the five immediately succeeding income years until the full credit has been allowed.

(j) The commissioner, with the approval of the Commissioner of Revenue Services and the Secretary of the Office of Policy and Management, may adopt regulations in accordance with chapter 54 to carry out the purposes of this section.

Sec. 4. Section 12-704d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and applicable to taxable years commencing on or after January 1, 2011*):

(a) As used in this section:

(1) "Angel investor" means an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business, but "angel investor" does not include (A) a person controlling fifty per cent or more of the Connecticut business invested in by the angel investor, (B) a venture capital company, or (C) any bank, bank and trust company, insurance company, trust company, national bank, savings association or building and loan association for activities that are a part of its normal course of business;

(2) "Cash investment" means the contribution of cash, at a risk of loss, to a qualified Connecticut business in exchange for qualified securities;

(3) "Connecticut business" means any business with its principal place of business in Connecticut that is engaged in bioscience, advanced materials, photonics, information technology, clean technology or any other emerging technology as determined by the Commissioner of Economic and Community Development;

(4) "Bioscience" means manufacturing pharmaceuticals, medicines, medical equipment or medical devices and analytical laboratory instruments, operating medical or diagnostic testing laboratories, or conducting pure research and development in life sciences;

(5) "Advanced materials" means developing, formulating or manufacturing advanced alloys, coatings, lubricants, refrigerants, surfactants, emulsifiers or substrates;

(6) "Photonics" means generation, emission, transmission, modulation, signal processing, switching, amplification, detection and sensing of light from ultraviolet to infrared and the manufacture, research or development of opto-electronic devices, including, but not

limited to, lasers, masers, fiber optic devices, quantum devices, holographic devices and related technologies;

(7) "Information technology" means software publishing, motion picture and video production, teleproduction and postproduction services, telecommunications, data processing, hosting and related services, custom computer programming services, computer system design, computer facilities management services, other computer related services and computer training;

(8) "Clean technology" means the production, manufacture, design, research or development of clean energy, green buildings, smart grid, high-efficiency transportation vehicles and alternative fuels, environmental products, environmental remediation and pollution prevention; and

(9) "Qualified securities" means any form of equity, including a general or limited partnership interest, common stock, preferred stock, with or without voting rights, without regard to seniority position that must be convertible into common stock.

(b) There shall be allowed a credit against the tax imposed under this chapter, other than the liability imposed by section 12-707, for a cash investment of not less than **[**one hundred**]** twenty-five thousand dollars in the qualified securities of a Connecticut business by an angel investor. The credit shall be in an amount equal to twenty-five per cent of such investor's cash investment, provided the total tax credits allowed to any angel investor shall not exceed two hundred fifty thousand dollars. The credit shall be claimed in the taxable year in which such cash investment is made by the angel investor and shall not be transferable.

(c) To qualify for a tax credit pursuant to this section, a cash investment shall be in a Connecticut business that (1) has been approved as a qualified Connecticut business pursuant to subsection (d) of this section; (2) had annual gross revenues of less than one million dollars in the most recent income year of such business; (3) has

fewer than twenty-five employees, not less than seventy-five per cent of whom reside in this state; (4) has been operating in this state for less than seven consecutive years; (5) is primarily owned by the management of the business and their families; and (6) received less than two million dollars in cash investments eligible for the tax credits provided by this section.

(d) (1) A Connecticut business may apply to Connecticut Innovations, Incorporated, for approval as a Connecticut business qualified to receive cash investments eligible for a tax credit pursuant to this section. The application shall include (A) the name of the business and a copy of the organizational documents of such business, (B) a business plan, including a description of the business and the management, product, market and financial plan of the business, (C) a description of the business's innovative **[**and proprietary**]** technology, product or service, (D) a statement of the potential economic impact of the business, including the number, location and types of jobs expected to be created, (E) a description of the qualified securities to be issued and the amount of cash investment sought by the qualified Connecticut business, (F) a statement of the amount, timing and projected use of the proceeds to be raised from the proposed sale of qualified securities, and (G) such other information as the executive director of Connecticut Innovations, Incorporated, may require.

(2) Said executive director shall, on or before August 1, 2010, and monthly thereafter, compile a list of approved applications, categorized by the cash investments being sought by the qualified Connecticut business and type of qualified securities offered.

(e) (1) Any angel investor that intends to make a cash investment in a business on such list may apply to Connecticut Innovations, Incorporated, to reserve a tax credit in the amount indicated by such investor. The aggregate amount of all tax credits under this section that may be reserved by Connecticut Innovations, Incorporated, shall not exceed six million dollars annually for the fiscal years commencing July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three

million dollars in each fiscal year thereafter. Connecticut Innovations, Incorporated, shall not reserve tax credits under this section for any investment made on or after July 1, 2014.

(2) The amount of the credit allowed to any investor pursuant to this section shall not exceed the amount of tax due from such investor under this chapter, other than section 12-707, with respect to such taxable year. Any tax credit that is claimed by the angel investor but not applied against the tax due under this chapter, other than the liability imposed under section 12-707, may be carried forward for the five immediately succeeding taxable years until the full credit has been applied.

(f) If the angel investor is an S corporation or an entity treated as a partnership for federal income tax purposes, the tax credit may be claimed by the shareholders or partners of the angel investor. If the angel investor is a single member limited liability company that is disregarded as an entity separate from its owner, the tax credit may be claimed by such limited liability company's owner, provided such owner is a person subject to the tax imposed under this chapter.

(g) A review of the effectiveness of the credit under this section shall be conducted by Connecticut Innovations, Incorporated, by July 1, 2014. Such review shall be submitted to the joint standing committee of the General Assembly having cognizance of matters relating to commerce.

Sec. 5. (NEW) (*Effective July 1, 2011*) On or before January 1, 2015, the Commissioner of Transportation shall convert not less than twenty-five per cent of the state's heavy fleet of motor vehicles, including, but not limited to, any tri-axle and diesel powered vehicles, to liquefied natural gas and compressed gas fuel.

Sec. 6. Subdivisions (67) to (69), inclusive, of section 12-412 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and applicable to sales occurring on or after said date*):

(67) Sales of and the storage, use or other consumption, on or after July 1, 2011, and prior to July 1, **[**2008**]** 2013, of a new motor vehicle which is exclusively powered by a clean alternative fuel. As used in this subdivision and subdivisions (68) and (69) of this section, "clean alternative fuel" shall mean natural gas, hydrogen or electricity when used as a motor vehicle fuel or propane when used as a motor vehicle fuel if such a vehicle meets the federal fleet emissions standards under the federal Clean Air Act or any emissions standards adopted by the Commissioner of Environmental Protection as part of the state's implementation plan under said act.

(68) Sales of and the storage, use or other consumption, on or after July 1, 2011, and prior to July 1, **[**2008**]** 2013, of conversion equipment incorporated into or used in converting vehicles powered by any other fuel to either exclusive use of a clean alternative fuel or dual use of any other fuel and a clean alternative fuel, including, but not limited to, storage cylinders, cylinder brackets, regulated mixers, fill valves, pressure regulators, solenoid valves, fuel gauges, electronic ignitions and alternative fuel delivery lines.

(69) Sales of and the storage, use or other consumption, on or after July 1, 2011, and prior to July 1, **[**2008**]** 2013, of equipment incorporated into or used in a compressed natural gas or hydrogen filling or electric recharging station for vehicles powered by a clean alternative fuel, including, but not limited to, compressors, storage cylinders, associated framing, tubing and fittings, valves, fuel poles and fuel delivery lines used for clean alternative fuel storage and filling facilities.

Sec. 7. Subdivision (115) of section 12-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and applicable to sales occurring on or after said date*):

(115) On and after October 1, **[**2004**]** 2011, and prior to October 1, **[**2008**]** 2013, the sale of any hybrid passenger car that has a United States Environmental Protection Agency estimated highway gasoline

mileage rating of at least forty miles per gallon. For purposes of this subdivision, "hybrid passenger car" means a passenger car that draws acceleration energy from two onboard sources of stored energy, which are both an internal combustion, fuel cell or heat engine using combustible fuel and a rechargeable energy storage system and, for a passenger car or light truck with a model year of 2004 or later, is certified to meet or exceed the tier II bin 5 low emission vehicle classification.

Sec. 8. (NEW) (*Effective July 1, 2011*) Any hybrid or electric motor vehicle may be driven in any state highway limited access lane designated for use by high occupancy vehicles regardless of the number of occupants of such hybrid or electric motor vehicle.

Sec. 9. (NEW) (*Effective from passage*) (a) On or before September 1, 2011, the Department of Economic and Community Development, in consultation with the Department of Public Utility Control, the Connecticut Development Authority and the electric distribution companies, as defined in section 16-1 of the general statutes, shall establish a solar energy program to partner with private banks and lending institutions to provide loans to in-state small businesses and residential electric customers to finance solar installations. Said program shall include, but not be limited to, a mechanism for such businesses and customers to repay loans made pursuant to the program established in this section through their monthly electricity bills. Loans made pursuant to this section shall be structured so that the cost savings from such solar installations offset the monthly payback amount.

(b) As part of the program established pursuant to subsection (a) of this section, the Department of Economic and Community Development shall establish participation criteria for (1) installers of solar energy systems, which shall include, but not be limited to, consideration of such installer's prior experience, in-state location and number of jobs potentially created by such participation, and (2) private banks and lending institutions.

Sec. 10. Subsection (a) of section 32-1m of the general statutes is amended by adding subdivision (23) as follows (*Effective July 1, 2011, and applicable to the report due on or before February 1, 2012*):

(NEW) (23) With regard to the solar installation program, established pursuant to section 9 of this act, a summary of the activity of such program, including, but not limited to, the number of installations, the estimated number of jobs created and the estimated resulting energy savings.

Sec. 11. (NEW) (*Effective July 1, 2011*) There is established an account to be known as the "tourism supplemental revenue account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by the Commission on Culture and Tourism for the purpose of providing marketing grants to the state's tourism districts, defined in section 10-397 of the general statutes.

Sec. 12. (NEW) (*Effective July 1, 2011*) If, during the fiscal years ending June 30, 2012, to June 30, 2015, inclusive, the sales tax revenue collected by the Commissioner of Revenue Services from businesses in Standard Industry Classification Codes (1) 5811, eating places only; (2) 5812, eating and drinking places; (3) 5813, drinking places—alcoholic beverages; (4) 7010, hotels, motels and tourist courts; (5) 7020, rooming and boarding houses; (6) 7030, camps and trailer parks; (7) 7033, trailering parks and campsites; (8) 7041, organization hotels and lodging house; (9) 7920, producers, orchestras and entertainers; (10) 7940, commercial sports; (11) 7990, miscellaneous amusement and recreation; (12) 7991, boat and canoe rentals; (13) 7992, public golf courses and swimming pools; (14) 7996, amusement parks; (15) 7998, tourist attraction; (16) 7999, amusement not elsewhere classified; and (17) 8420, botanical and zoological gardens exceeds the amount collected during the fiscal year ending June 30, 2011, by more than three per cent, the commissioner shall segregate the amounts collected beyond such three per cent and transfer such amounts to the tourism

supplemental revenue account established pursuant to section 11 of this act. The amount segregated pursuant to this section shall not exceed three million dollars during any fiscal year.

Sec. 13. (NEW) (*Effective July 1, 2011, and applicable to income years commencing on or after January 1, 2011*) (a) For the purposes of this section, (1) "manufacturing reinvestment account" means a trust created or organized by a manufacturer and held by a Connecticut bank for the benefit of a Connecticut taxpayer, to which a taxpayer may make cash contributions pursuant to subsection (b) of this section. Moneys in a manufacturing reinvestment account shall not be invested in life insurance contracts or comingled with other property, and (2) "manufacturer" means any corporation subject to tax pursuant to chapter 208 of the general statutes that is engaged in the business of manufacturing, as defined in subdivision (72) of section 12-81 of the general statutes.

(b) Any manufacturer may establish a manufacturing reinvestment account, provided (1) contributions in any income year shall not exceed the lesser of (A) two hundred fifty thousand dollars, or (B) such manufacturer's domestic gross receipts, (2) moneys may be held in such account for not more than five years, (3) distributions from such account shall be used by such manufacturer to purchase machinery, equipment or manufacturing facilities, as defined in subdivision (72) of section 12-81 of the general statutes, or for workforce training and development, and (4) disbursements shall be subject to tax under chapter 208 of the general statutes at a rate of three and one-half per cent.

(c) Any money remaining in a manufacturer's reinvestment account at the end of the five-year period shall be returned to the manufacturer who shall pay the full rate of tax on such amount under chapter 208 of the general statutes, provided such payment shall be deemed to be a timely payment if such tax is remitted to the Commissioner of Revenue Services not later than sixty days after the date of such return.

Sec. 14. Subdivision (1) of subsection (a) of section 12-217 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and applicable to income years commencing on and after January 1, 2011*):

(a) (1) In arriving at net income as defined in section 12-213, whether or not the taxpayer is taxable under the federal corporation net income tax, there shall be deducted from gross income, (A) all items deductible under the Internal Revenue Code effective and in force on the last day of the income year except (i) any taxes imposed under the provisions of this chapter which are paid or accrued in the income year and in the income year commencing January 1, 1989, and thereafter, any taxes in any state of the United States or any political subdivision of such state, or the District of Columbia, imposed on or measured by the income or profits of a corporation which are paid or accrued in the income year, (ii) deductions for depreciation, which shall be allowed as provided in subsection (b) of this section, (iii) deductions for qualified domestic production activities income, as provided in Section 199 of the Internal Revenue Code, and (iv) in the case of any captive real estate investment trust, the deduction for dividends paid provided under Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in the case of a regulated investment company, the sum of (i) the exempt-interest dividends, as defined in the Internal Revenue Code, and (ii) expenses, bond premium, and interest related to tax-exempt income that are disallowed as deductions under the Internal Revenue Code, and (C) in the case of a taxpayer maintaining an international banking facility as defined in the laws of the United States or the regulations of the Board of Governors of the Federal Reserve System, as either may be amended from time to time, the gross income attributable to the international banking facility, provided, no expense or loss attributable to the international banking facility shall be a deduction under any provision of this section, and (D) additionally, in the case of all taxpayers, all dividends as defined in the Internal Revenue Code effective and in force on the last day of the income year not otherwise deducted from gross income, including dividends received from a

DISC or former DISC as defined in Section 992 of the Internal Revenue Code and dividends deemed to have been distributed by a DISC or former DISC as provided in Section 995 of said Internal Revenue Code, other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation, and (E) additionally, in the case of all taxpayers, the value of any capital gain realized from the sale of any land, or interest in land, to the state, any political subdivision of the state, or to any nonprofit land conservation organization where such land is to be permanently preserved as protected open space or to a water company, as defined in section 25-32a, where such land is to be permanently preserved as protected open space or as Class I or Class II water company land, and (F) in the case of manufacturers, the amount of any contribution to a manufacturing reinvestment account described in section 13 of this act in the taxable year that such contribution is made.

Sec. 15. Subsection (a) of section 36a-250 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) Except as otherwise provided in subsection (b) of this section, a Connecticut bank may:

(1) Transact a general banking business and exercise by its governing board or duly authorized officers or agents, subject to applicable law, all such incidental powers as are necessary thereto. The express powers authorized for a Connecticut bank under subdivisions (2) to (41), inclusive, of this subsection do not preclude the existence of additional powers deemed to be incidental to the transaction of a general banking business pursuant to this subdivision;

(2) (A) Receive deposits as authorized by and subject to the provisions of sections 36a-290 to 36a-305, inclusive, section 36a-307, sections 36a-315 to 36a-323, inclusive, and sections 36a-330 to 36a-338, inclusive, including: (i) Savings deposits; (ii) time deposits; (iii)

demand deposits; (iv) public funds or money held in a fiduciary capacity; (v) school savings funds; and (vi) club deposits; and (B) pay interest or dividends thereon;

(3) Act as a depository of court and trust funds;

(4) Purchase and sell coins and bullion;

(5) Receive for safekeeping or otherwise all kinds of personal property, including papers, documents and evidences of indebtedness;

(6) Conduct a safe deposit business on its banking premises;

(7) Act (A) as guardian or conservator of the estate of any person, but not of the person, (B) as a trustee, receiver, executor or administrator, or (C) in any other fiduciary capacity, all without bond unless a bond is ordered by the court;

(8) Act as agent or attorney in fact for the holders of securities or the owners of real estate;

(9) Act as transfer agent or registrar of stocks and bonds;

(10) Execute and deliver signature guaranties as may be incidental or usual in the transfer of investment securities;

(11) Act as agent, fiscal agent or trustee for any corporation or for holders of bonds, notes or other securities, and pledge assets to secure deposits in its banking department when (A) made by it as trustee under a trust indenture for the holders of revenue bonds issued by this state, any municipality, district, municipal corporation or authority or political subdivision thereof, and the express provisions of the authority or its political subdivision, and the express provisions of the trust indenture require the deposit to be so secured, (B) made by it as fiscal agent for a housing authority in connection with a federally-assisted housing project and federal regulations or other requirements call for the deposits to be so secured, or (C) made by it to secure deposits in individual retirement accounts and qualified retirement

plan accounts, established in accordance with the applicable provisions of the Internal Revenue Code of 1986, or any prior or subsequent corresponding internal revenue code of the United States, as from time to time amended, where such deposits exceed the maximum of federal deposit insurance available for such accounts;

(12) Act as fiscal agent for this state or any of its political subdivisions when authorized by the executive head of this state or of the political subdivision;

(13) Act as agent (A) in the collection of taxes for any qualified treasurer of any taxing district or qualified collector of taxes or (B) for any electric, electric distribution, gas, water or telephone company operating within this state in receiving moneys due that company for utility services furnished by it;

(14) Act as agent for the sale, issue and redemption of obligations of the United States and pledge assets to the United States or to the proper federal reserve bank for its obligations as that agent;

(15) (A) Act as agent for an insured depository institution affiliate in receiving deposits, renewing time deposits, closing loans, servicing loans and receiving payments on loans and other obligations, and in so doing shall not be considered to be a branch of such affiliate;

(B) A Connecticut bank may not conduct any activity as an agent under subparagraph (A) of this subdivision which such bank is prohibited from conducting as a principal;

(16) Act as treasurer of any organization exempt from federal income taxation under Section 501 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended;

(17) Establish a charitable fund, either in the form of a charitable trust or a nonprofit corporation to assist in making charitable contributions, provided (A) the trust or nonprofit corporation is

exempt from federal income taxation and may accept charitable contributions under Section 501 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, (B) the trust or nonprofit corporation's operations shall be disclosed fully to the commissioner upon request, and (C) the trust department of the bank or one or more directors or officers of the bank act as trustees or directors of the fund;

(18) In the discretion of a majority of its governing board, make contributions or gifts to or for the use of any corporation, trust or community chest, fund or foundation created or organized under the laws of the United States or of this state and organized and operated exclusively for charitable, educational or public welfare purposes, or of any hospital which is located in this state and which is exempt from federal income taxes and to which contributions are deductible under Section 501(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended;

(19) Discount, purchase and sell accounts receivable, negotiable and nonnegotiable promissory notes, drafts, bills of exchange and other forms of indebtedness;

(20) (A) Accept for payment at future dates drafts drawn upon it, and (B) except as provided in section 36a-299, sell or issue without charge negotiable checks or drafts drawn by or on the bank. Negotiable checks or drafts drawn, sold or issued by a bank may be drawn on that bank or be payable by or through another bank or out-of-state bank;

(21) Make secured and unsecured loans and issue letters of credit as authorized by and subject to section 36a-260;

(22) (A) Issue credit cards and debit cards and enter into card agreements with the bank's card holders and with other card issuers, (B) lend money to individuals, honor drafts and similar orders drawn or accepted, whether by written instrument or electronic transmission,

and pay and agree to pay obligations incurred in connection with those agreements, (C) become affiliated with any credit card corporation or association, and (D) subject to sections 36a-155 to 36a-159, inclusive, where applicable, provide electronic fund transfer facilities and services and enter into agreements with customers and other persons regarding the provision of such facilities;

(23) Provide home banking services to customers as provided in section 36a-170;

(24) Contract for and pay the premiums upon life insurance in the amount of the unpaid balance due on loans;

(25) Borrow money and pledge assets therefor, and pledge assets to secure trust funds on deposit awaiting investment;

(26) Enter into leases of personal property acquired upon the specific request of and for the use of a prospective lessee;

(27) Make investments as authorized by this title;

(28) Sell to any person, including any state or federal agency or instrumentality, any loan or group of loans legally owned by the bank, repurchase any such loan or group of loans, and act as collecting, remitting and servicing agent in connection with any such loans and charge for its acts as agent. Any such bank is authorized to purchase the minimum amount of capital stock of the applicable agency or instrumentality if required by that entity to be purchased in connection with the assignment of loans to that entity and to hold and dispose of that stock;

(29) With the approval of the commissioner, deal in and underwrite, to the same extent as is permitted to a national banking association, obligations of: (A) The United States or any of its agencies; (B) any state or any political subdivision or instrumentality of the state; or (C) Canada, any province of Canada or any political subdivision of Canada;

(30) Issue and sell securities which (A) are guaranteed by the Federal National Mortgage Association or any other agency or instrumentality authorized by state or federal law to create a secondary market with respect to loans of the type originated by the bank, or (B) subject to the approval of the commissioner, relate to loans originated by the bank and are guaranteed or insured by a financial guaranty insurance company or comparable private entity;

(31) Subject to the approval of the commissioner, authorize the issuance and sale of evidences of indebtedness, including debentures, debt instruments of all maturities and capital notes, at such times, in such amount and upon such terms as are determined by the governing board, provided the issuance of such evidences of indebtedness which are payable on demand or mature within five years of their issuance or which are effected in the ordinary course of business do not require the approval of the commissioner. The proceeds of such evidences of indebtedness which mature after five years of their issuance which are subordinate to the claims of depositors upon liquidation of the bank shall be considered part of its capital for the purpose of computing any loan, deposit or investment limitation under this title;

(32) With the approval of and upon such conditions and under such regulations as may be prescribed or adopted by the commissioner, establish and maintain one or more mutual funds and offer to the public shares or participations therein;

(33) (A) With the written approval of the commissioner, acquire, alter or improve real estate for present or future use in the business of the bank. Such approval shall not be required in case of the alteration or improvement of real estate already owned or leased by the bank or a corporation controlled by it as provided in subsection (d) of section 36a-276, if the expenditure for such purposes does not in any one calendar year exceed five per cent of the bank's equity capital and reserves for loan and lease losses or seven hundred fifty thousand dollars, whichever is less.

(B) With the written approval of the commissioner, purchase real estate adjoining any parcel of real estate then owned by it and acquired in the usual course of business, provided the aggregate of all investments and loans authorized in this subparagraph and in subparagraph (A) of this subdivision and in the equipment used by such bank in its operations, together with the amount of any indebtedness incurred by any corporation holding real estate of the bank and such bank's proportionate share, computed according to stock ownership, of any indebtedness incurred by any service corporation, does not exceed fifty per cent of the equity capital and reserves for loan and lease losses of the bank, unless the commissioner finds that the rental income from any part of the premises not occupied by the bank will be sufficient to warrant larger investment;

(34) Convey any real estate owned by it at the price and upon such terms of payment as its governing board or an authorized committee thereof determines and sets forth in the bank's records. If any such sale is wholly or partly for credit, a note secured by a first mortgage on the real estate may evidence that credit. With the written approval of the commissioner, the bank may accept other real estate in whole or in part for any such conveyance;

(35) Establish and maintain an international banking facility, as defined in regulations adopted by the Board of Governors of the Federal Reserve System, subject to such regulations as the commissioner may adopt, in accordance with chapter 54, to specify, and impose restrictions upon, the types of activities in which the international banking facility may engage;

(36) Join the Federal Reserve System;

(37) With the approval of the commissioner, join the Federal Home Loan Bank System and borrow funds as provided under federal law;

(38) Even if not expressly authorized to exercise fiduciary powers, act as trustee or custodian of a plan which qualifies as part of a retirement plan for self-employed individuals or an individual

retirement account under the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, if the governing instrument limits the investment of the funds held pursuant to such plan to the following investments: (A) Savings deposits and time deposits; and (B) with respect to retirement plans for self-employed individuals, notes of members in such plans which evidence the indebtedness of such members for funds borrowed from the plans. Funds held pursuant to any plan which so qualifies may be deposited in any Connecticut bank without regard to any statutory limit on the amount which such bank may have on deposit from one depositor;

(39) Sell insurance and fixed and variable annuities directly, sell insurance and such annuities indirectly through a subsidiary, or enter into arrangements with third-party marketing organizations for the sale by such third-party marketing organizations of insurance or such annuities on the premises of the Connecticut bank or to customers of the Connecticut bank; provided (A) such insurance and annuities are issued or purchased by or from an insurance company licensed in accordance with section 38a-41, and (B) the Connecticut bank, subsidiary or third-party marketing organization, and any officer or employee thereof, shall be licensed as required by section 38a-769 before engaging in any of the activities authorized by this subdivision. As used in this subdivision, "annuities" and "insurance" have the same meanings as set forth in section 38a-1, except that "insurance" does not include title insurance. The provisions of this subdivision do not authorize a Connecticut bank or a subsidiary of a Connecticut bank to underwrite insurance or annuities;

(40) Act as trustee or custodian of a manufacturing reinvestment account described in section 13 of this act;

[(40)**]** (41) With the prior written approval of the commissioner, engage in closely related activities, unless the commissioner determines that any such activity shall be conducted by a subsidiary of the Connecticut bank, utilizing such organizational, structural or other

safeguards as the commissioner may require, in order to protect the Connecticut bank from exposure to loss. As used in this subdivision, "closely related activities" means those activities that are closely related to the business of banking, are convenient and useful to the business of banking, are reasonably related to the operation of a Connecticut bank or are financial in nature including, but not limited to, business and professional services, data processing, courier and messenger services, credit-related activities, consumer services, services related to real estate, financial consulting, tax planning and preparation, community development activities, any activities reasonably related to such activities, or any activity permitted under the Bank Holding Company Act of 1956, 12 USC Section 1841 et seq., as from time to time amended, or the Home Owners' Loan Act of 1933, 12 USC Section 1461 et seq., as from time to time amended, or the regulations promulgated under such acts as from time to time amended; and

[(41)**]** (42) Engage in any activity that a federal bank or an out-of-state bank may be authorized to engage in under federal or state law, provided the Connecticut bank shall file with the commissioner prior written notice of its intention to engage in such activity. Such notice shall include a description of the activity, a description of the financial impact of the activity on the Connecticut bank, citation of the legal authority to engage in the activity under federal or state law, a description of any limitations or restrictions imposed on such activity under federal or state law, and any other information that the commissioner may require. The Connecticut bank may engage in such activity unless the commissioner disapproves such activity not later than thirty days after the notice is filed. The commissioner may adopt regulations in accordance with chapter 54 to ensure that any such activity is conducted in a safe and sound manner with adequate consumer protections. The provisions of this subdivision do not authorize a Connecticut bank or a subsidiary of a Connecticut bank to sell title insurance.

Sec. 16. Section 10-416a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and*

applicable to income years commencing on or after January 1, 2011):

(a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

(1) **[**"Commission"**]** "Department" means the **[**Connecticut Commission on Culture and Tourism established pursuant to section 10-392**]** Department of Economic and Community Development;

(2) "Certified historic structure" means an historic commercial or industrial property that: (A) Is listed individually on the National or State Register of Historic Places, or (B) is located in a district listed on the National or State Register of Historic Places, and has been certified by the commission as contributing to the historic character of such district;

(3) "Certified historic government structure" means a vacant federal, state or municipal-owned property that, when it was in use, served a governmental purpose;

[(3)**]** (4) "Certified rehabilitation" means any rehabilitation of a certified historic or certified historic government structure for residential or mixed use consistent with the historic character of such property or the district in which the property is located as determined by regulations adopted by the **[**commission**]** department;

[(4)**]** (5) "Owner" means any person, firm, limited liability company, nonprofit or for-profit corporation or other business entity which possesses title to an historic or government structure and undertakes the rehabilitation of such structure;

[(5)**]** (6) "Placed in service" means that substantial rehabilitation work has been completed which would allow for issuance of a certificate of occupancy for the entire building or, in projects completed in phases, for individual residential units that are an identifiable portion of the building;

[(6)**]** (7) "Qualified rehabilitation expenditures" means any costs incurred for the physical construction involved in the rehabilitation of a certified historic or certified historic government structure for residential or mixed use, excluding: (A) The owner's personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the State Fire Safety Code, and (C) any nonconstruction cost such as architectural fees, legal fees and financing fees;

[(7)**]** (8) "Rehabilitation plan" means any construction plans and specifications for the proposed rehabilitation of a certified historic or certified historic government structure in sufficient detail for evaluation by compliance with the standards developed under the provisions of subsections (b) to (d), inclusive, of this section; and

[(8)**]** (9) "Substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic or certified historic government structure that exceed twenty-five per cent of the assessed value of such structure.

(b) (1) The **[**commission**]** department shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for owners rehabilitating certified historic or certified historic government structures.

(2) The credit authorized by this section shall be available in the tax year in which the substantially rehabilitated certified historic or certified historic government structure is placed in service. In the case of projects completed in phases, the tax credit shall be prorated to the substantially rehabilitated identifiable portion of the building placed in service. If the tax credit is more than the amount owed by the taxpayer for the year in which the substantially rehabilitated certified historic structure is placed in service, the amount that is more than the taxpayer's tax liability may be carried forward and credited against the taxes imposed for the succeeding five years or until the full credit is used, whichever occurs first.

(3) Any credits allowed under this section that are provided to multiple owners of certified historic or certified historic government structures shall be passed through to persons designated as partners, members or owners, pro rata or pursuant to an agreement among such persons designated as partners, members or owners documenting an alternative distribution method without regard to other tax or economic attributes of such entity. Any owner entitled to a credit under this section may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity and such transferee shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

(c) The **[**commission**]** department shall develop standards for the approval of rehabilitation of certified historic or certified historic government structures for which a tax credit voucher is sought. Such standards shall take into account whether the rehabilitation of a certified historic or certified historic government structure will preserve the historic character of the building.

(d) The **[**commission**]** department shall adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for filing of applications, rating criteria and for timely approval by the **[**commission**]** department.

(e) Prior to beginning any rehabilitation work on a certified historic or certified historic government structure, the owner shall submit (1) a rehabilitation plan to the commission for a determination of whether or not such rehabilitation work meets the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, and (2) an estimate of the qualified rehabilitation expenditures. The provisions of this subsection shall not disqualify applications for tax credits for certified historic structures for which rehabilitation commenced but were not placed in service before July 1, 2006, or certified historic government structures for which rehabilitation

commenced but were not placed in service before July 1, 2011.

(f) If the **[**commission**]** department certifies that the rehabilitation plan conforms to the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, the **[**commission**]** department shall reserve for the benefit of the owner an allocation for a tax credit equivalent to twenty-five per cent of the projected qualified rehabilitation expenditures, not exceeding two million seven hundred thousand dollars.

(g) Following the completion of rehabilitation of a certified historic or certified historic government structure, the owner shall notify the **[**commission**]** department that such rehabilitation has been completed. The owner shall provide the **[**commission**]** department with documentation of work performed on the certified historic or certified historic government structure and shall submit certification of the costs incurred in rehabilitating the certified historic or certified historic government structure. The **[**commission**]** department shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the **[**commission**]** department shall issue a tax credit voucher to the owner rehabilitating the certified historic or certified historic government structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (f) of this section or twenty-five per cent of the actual qualified rehabilitation expenditures not exceeding two million seven hundred thousand dollars. In order to obtain a credit against any state tax due that is specified in subsections (h) to (j), inclusive, of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

(h) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) to (i), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit

voucher. Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.

(i) The aggregate amount of all tax credits which may be reserved by the **[**commission**]** department upon certification of rehabilitation plans under subsections (b) to (d), inclusive, of this section shall not exceed fifteen million dollars in any one fiscal year.

(j) The **[**commission**]** department may charge an application fee in an amount not to exceed ten thousand dollars to cover the cost of administering the program established pursuant to this section.

(k) No taxpayer claiming the credit under this section shall be eligible for the credit allowed under section 10-416b, as amended by this act.

Sec. 17. Section 10-416b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011, and applicable to income years commencing on or after January 1, 2011*):

(a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

(1) **[**"Commission"**]** "Department" means the **[**Connecticut Commission on Culture and Tourism established pursuant to section 10-392**]** Department of Economic and Community Development;

(2) "Certified historic structure" means an historic commercial, **[**or**]** industrial, institutional or mixed residential and nonresidential property or a residential property with not fewer than four units that: (A) Is listed individually on the National or State Register of Historic Places, or (B) is located in a district listed on the National or State Register of Historic Places, and has been certified by the **[**commission**]** Commission on Culture and Tourism as contributing to the historic character of such district;

(3) "Certified rehabilitation" means any rehabilitation of a certified

historic structure for mixed residential and nonresidential uses or nonresidential use consistent with the historic character of such property or the district in which the property is located as determined by regulations adopted by the **[**commission**]** department;

(4) "Owner" means any person, firm, limited liability company, nonprofit or for-profit corporation or other business entity or municipality which possesses title to an historic structure and undertakes the rehabilitation of such structure;

(5) "Placed in service" means that substantial rehabilitation work has been completed which would allow for issuance of a certificate of occupancy for the entire building or, in projects completed in phases, for an identifiable portion of the building;

(6) "Qualified rehabilitation expenditures" means any costs incurred for the physical construction involved in the rehabilitation of a certified historic structure for mixed residential and nonresidential uses **[**where at least thirty-three per cent of the total square footage of the rehabilitation is placed into service for residential use**]** or nonresidential uses, excluding: (A) The owner's personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the State Fire Safety Code, and (C) any nonconstruction cost such as architectural fees, legal fees and financing fees;

(7) "Rehabilitation plan" means any construction plans and specifications for the proposed rehabilitation of a certified historic structure in sufficient detail for evaluation by compliance with the standards developed under the provisions of subsections (b) to (d), inclusive, of this section; and

(8) "Substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic structure that exceed twenty-five per cent of the assessed value of such structure.

(b) (1) The **[**commission**]** department shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for owners rehabilitating certified historic structures.

(2) The credit authorized by this section shall be available in the tax year in which the substantially rehabilitated certified historic structure is placed in service. In the case of projects completed in phases, the tax credit shall be prorated to the substantially rehabilitated identifiable portion of the building placed in service. If the tax credit is more than the amount owed by the taxpayer for the year in which the substantially rehabilitated certified historic structure is placed in service, the amount that is more than the taxpayer's tax liability may be carried forward and credited against the taxes imposed for the succeeding five years or until the full credit is used, whichever occurs first.

(3) In the case of projects completed in phases, the **[**commission**]** department may issue vouchers for the substantially rehabilitated identifiable portion of the building placed in service. **[**, regardless of whether such portion contains residential uses.**]**

(4) Any credits allowed under this section that are provided to multiple owners of certified historic structures shall be passed through to persons designated as partners, members or owners, pro rata or pursuant to an agreement among such persons designated as partners, members or owners documenting an alternative distribution method without regard to other tax or economic attributes of such entity. Any owner entitled to a credit under this section may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity and such transferee shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

(c) The **[**commission**]** department shall develop standards for the approval of rehabilitation of certified historic structures for which a tax credit voucher is sought. Such standards shall take into account

whether the rehabilitation of a certified historic structure will preserve the historic character of the building.

(d) The **[**commission**]** department shall adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for the filing of applications, rating criteria and for timely approval by the **[**commission**]** department.

(e) Prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit to the department (1) (A) a rehabilitation plan **[**to the commission**]** for a determination of whether or not such rehabilitation work meets the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion, (2) an estimate of the qualified rehabilitation expenditures, and (3) for projects pursuant to subdivision (2) of subsection (f) of this section, (A) the number of units of affordable housing, as defined in section 8-39a, to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located. **[**In the case of a project pursuant to subdivision (2) of subsection (f) of this section the owner shall submit a copy of data required under subdivision (3) of this subsection to the Department of Economic and Community Development.**]**

(f) If the **[**commission**]** department certifies that the rehabilitation plan conforms to the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, the **[**commission**]** department shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, or (2) for rehabilitation plans submitted pursuant to subsection (e) of this section on or after June 14, 2007, thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units

and qualify as affordable housing, as defined in section 8-39a, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing, as defined in section 8-39a. No tax credit shall be allocated for the purposes of this subdivision unless an applicant has **[**submitted to the commission**]** received a certificate from the **[**Department of Economic and Community Development**]** department pursuant to **[**subsections (l) and (m) of this**]** section 8-37*lll*, as amended by this act, confirming that the project complies with affordable housing requirements under section 8-39a.

[(g) (1) The owner shall notify the commission that a phase of the rehabilitation has been completed at such time as an identifiable portion of a certified historic structure has been placed in service. Such portion shall not be required to include residential uses, provided the rehabilitation plan submitted pursuant to subsection (e) of this section describes the residential uses that will be part of the rehabilitation, and includes a schedule for completion of such residential uses. The owner shall provide the commission with documentation of work performed on such portion of such structure and shall submit certification of the costs incurred in such rehabilitation. The commission shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the commission shall issue a tax credit voucher as provided in subsection (h) of this section.

(2) If the residential portion of the mixed residential and nonresidential uses described in the rehabilitation plan is not completed within the schedule outlined in such plan, the owner shall recapture one hundred per cent of the amount of the credit for which a voucher was issued pursuant to this section on the tax return required to be filed for the income year immediately succeeding the income year during which such residential portion has not been completed. The commission, in its discretion, may provide an extension of time for completion of such residential portion, but in no event shall such extension be more than three years.**]**

[(h)**]** (g) Following the completion of rehabilitation of a certified

historic structure in its entirety or in phases to an identifiable portion of the building, the owner shall notify the **[**commission**]** department that such rehabilitation has been completed. The owner shall provide the commission with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The **[**commission**]** department shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the **[**commission**]** department shall issue a tax credit voucher to the owner rehabilitating the certified historic structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (f) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision (2) of subsection (f) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection **[**(i)**]** (h) of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

[(i)**]** (h) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) to **[**(j)**]** (i), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit voucher. Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.

[(j)**]** (i) The **[**commission**]** department may charge an application fee in an amount not to exceed ten thousand dollars to cover the cost of administering the program established pursuant to this section.

[(k)**]** (j) The aggregate amount of all tax credits which may be reserved by the **[**Commission on Culture and Tourism**]** department upon certification of rehabilitation plans under subsections (a) to **[**(j)**]**

(i), inclusive, of this section shall not exceed fifty million dollars for the fiscal three-year period beginning July 1, 2008, and ending June 30, 2011, inclusive, and each fiscal three-year period thereafter. No project may receive tax credits in an amount exceeding ten per cent of such aggregate amount.

[(l) On**]** (k) The Commission on Culture and Tourism, on or before October 1, 2009, and **[**annually thereafter,**]** October 1, 2010, and the **[**Commission on Culture and Tourism**]** department, on or before October 1, 2011, and annually thereafter, shall report the total amount of historic preservation tax credits and affordable housing tax credits reserved for the previous fiscal year under subsections (a) to **[**(j)**]** (i), inclusive, of this section, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding. Each such report shall include the following information for each project for which tax credit has been reserved: (1) The total project costs, (2) the value of the tax credit reservation for the purpose of historic preservation, (3) a statement whether the reservation is for mixed-use and if so, the proportion of the project that is not residential, and (4) the number of residential units to be created, and, for affordable housing reservations, the value of the reservation and percentage of residential units that will qualify as affordable housing, as defined in section 8-39a.

[(m)**]** (l) (1) If the total amount of such tax credits reserved in the first fiscal year of a fiscal three-year period is more than sixty-five per cent of the aggregate amount of tax credits reserved under subsections (a) to (j), inclusive, of this section, then no additional reservation shall be allowed for the second fiscal year of such fiscal three-year period unless the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding each vote separately to authorize continuance of tax credit reservations under the program.

(2) If the total amount of such credits reserved in the second year of a fiscal three-year period exceeds ninety per cent of the aggregate

amount of tax credits reserved under subsections (a) to **[**(j)**]** (i), inclusive, of this section, then no additional reservation shall be allowed for the third fiscal year of such fiscal three-year period unless the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding each vote separately to authorize the continuance of tax credit reservations under the program.

(3) Any tax credit reservations issued before a suspension of additional tax credit reservations under subdivisions (1) and (2) of this subsection shall remain in place.

(m) No taxpayer claiming the credit under this section shall be eligible for the credit allowed under section 10-416a, as amended by this act.

Sec. 18. Section 8-37*lll* of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The Commissioner of Economic and Community Development shall review applications for affordable housing tax credits submitted pursuant to subsection (e) of section 10-416b, as amended by this act. Upon determination that an application contains affordable housing as required by said section the commissioner shall issue a certificate to that effect. The commissioner shall monitor projects certified under this section to ensure that the affordable housing units are maintained as affordable for a minimum of ten years and may require deed restrictions or other fiscal mechanisms designed to ensure compliance with project requirements. The commissioner may impose a fee in an amount not exceeding two thousand dollars to cover the cost of reviewing applications and monitoring projects that qualify for affordable housing tax credits pursuant to subsections (a) to **[**(j)**]** (i), inclusive, of section 10-416b, as amended by this act.

(b) The Commissioner of Economic and Community Development, in consultation with the Commission on Culture and Tourism, may adopt regulations, pursuant to chapter 54, for monitoring of projects

that qualify for affordable housing tax credits pursuant to subsections (a) to **[**(j)**]** (i), inclusive, of section 10-416b, as amended by this act, by the Department of Economic and Community Development, or by local housing authorities, municipalities, other public agencies or quasi-public agencies, as defined in section 1-120, designated by the department. Such regulations shall include provisions for ensuring that affordable units developed under subdivision (3) of subsection (e) of section 10-416b, as amended by this act, are maintained as affordable for a minimum of ten years and may require deed restrictions or other fiscal mechanisms designed to ensure compliance with project requirements.

Sec. 19. Section 36a-251a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

The commissioner shall submit an annual report to the joint standing committee of the General Assembly having cognizance of matters relating to banks no later than January first. The report shall summarize the commissioner's actions taken pursuant to section 36a-70, 36a-139a or subdivisions **[**(40) and**]** (41) and (42) of subsection (a) of section 36a-250.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	10a-19i
Sec. 2	*from passage*	32-41x
Sec. 3	*from passage*	38a-88a
Sec. 4	*July 1, 2011, and applicable to taxable years commencing on or after January 1, 2011*	12-704d
Sec. 5	*July 1, 2011*	New section
Sec. 6	*July 1, 2011, and applicable to sales occurring on or after said date*	12-412(67) to (69)

Sec. 7	*July 1, 2011, and applicable to sales occurring on or after said date*	12-412(115)
Sec. 8	*July 1, 2011*	New section
Sec. 9	*from passage*	New section
Sec. 10	*July 1, 2011, and applicable to the report due on or before February 1, 2012*	32-1m(a)
Sec. 11	*July 1, 2011*	New section
Sec. 12	*July 1, 2011*	New section
Sec. 13	*July 1, 2011, and applicable to income years commencing on or after January 1, 2011*	New section
Sec. 14	*July 1, 2011, and applicable to income years commencing on and after January 1, 2011*	12-217(a)(1)
Sec. 15	*July 1, 2011*	36a-250(a)
Sec. 16	*July 1, 2011, and applicable to income years commencing on or after January 1, 2011*	10-416a
Sec. 17	*July 1, 2011, and applicable to income years commencing on or after January 1, 2011*	10-416b
Sec. 18	*July 1, 2011*	8-37*lll*
Sec. 19	*July 1, 2011*	36a-251a

Statement of Legislative Commissioners:

In section 3(c)(3), "<u>, as amended by this act,</u>" was inserted for accuracy and to conform with drafting conventions; in section 5, "heavy fleet" was changed to "heavy fleet of motor vehicles" for clarity; in section 8, "hybrid or electric vehicle" was changed twice to "hybrid or electric motor vehicle" for clarity; in section 13, the defined term "manufacturer" was added for clarity and in subsection (a), "not to exceed two hundred thousand dollars per income year" was changed to "pursuant to subsection (b) of this section" for internal consistency and to reflect the committees intent; in section 15, the entire subsection

was pulled in to conform with drafting conventions and section 19 was added as a conforming change; in section 16(a), "certified historic government structure" was defined and the remaining definitions were renumbered for clarity and internal consistency; in section 16(e), "or certified historic government" was deleted from the last sentence and "or certified historic government structures for which rehabilitation commenced but were not placed in service before July 1, 2011" was inserted at the end of the sentence for accuracy; in section 17(a)(2), "no less than four units" was changed to "no fewer than four units" and "department" was replaced with "Commission on Culture and Tourism" for accuracy; and in section 17(k), the first sentence was rewritten to clarify that for the year before October 1, 2010, the commission reports and for the years beginning October 1, 2011, and annually thereafter, the department reports.

CE *Joint Favorable Subst.*